THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) and (b) Of the 21 Bulk Drugs required for National Health Programmes which were listed in the First Schedule of the DPCO 1987, 4 for price control continue to remain under price control under the DPCO 1995. These 4 Bulk Drugs which are under price control will have a MAPE of 100 per cent in accordance with the "Modifications in the Drug Policy, 1986" and this would involve an increase in their prices of about fourteen per cent. Some drugs which were under price control in accordance with the provisions of the DPCO 1987 have gone out of price control and some drugs which were outside price control under the DPCO 1987 have now come under price control in the DPCO 1995 in accordance with the simplified and transparent criteria of turnover and competition adopted in the Modifications in the Drug Policy 1986.

The Associations of the Pharmaceutical Industry have been advised to caution their members to exercise restraint and self discipline in respect of prices of medicines which have gone out of price ontrol and ensure that their prices are not raised unreasonably.

Fertilizer pricing policy

1723. DR. NAUNIHAL SINGH: Will the Minister of CHEMICALS and FERTILIZERS be pleased to state:

(a) whether it is a fact that Government's decision to put the economic reform programme on hold is clearly reflected in the sixth fertilizer pricing policy approved by Government;

(b) whether it is fact that the retention pricing scheme is just another method of subsidising the inefficient producers by providing them with cheap capital;

(c) whether in an economy where capital resources are scare, Government seems too keen to provide cheap lunches to the domestic fertiliser industry; and

(d) what are the other better ways of helping it to imrove financial performance in the industry?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (d) In order to compensate the manufacturers for lower realisation in the form of sale price of controlled fertilizers as compared to thier cost of production (i.e. cost of production plus reasonable return on networth as determined by the Government as retention price for each unit), the difference between the retention price and the notified sale price is paid to the individual manufacturing units under the Retention Price-cum-Subsidy Scheme (RPS).

The retention price of controlled fertilizers are fixed once in three years after scrutinising cost data from the units. Accordingly, the norms for Sixth Pricing Period commencing from 1-4-1991 have been announced recently. The finalisation of norms for each pricing period is an exercise which does not have any direct bearing of the economic reforms programme of the Government. So long as the practice of statutorily notifying the sale prices of controlled fertilizers continues, there has to be a mechanism for compensating the producers for lower realisation from the sale prices compared to their cost of production.

Encouragement to R @ D in New Drug Policy

1724. DR. NAUNIHAL SINGH: Will the Minister of CHEMICALS & FERTILIZERS be pleased to state:

(a) whether it is a fact that no specific measures in the New Drug Policy have been provided to encourage investment in Research and Development; if so, the reasons for such a flaw in the policy;

(b) whether it is a fact that the prices of pharmaceutical products will rise after price controls on certain drugs are lifted, if so, what is the extent of rise in prices anticipated by Government; and

(c) whether it is also a fact that decontrol will affect the profitability of pharmaceutical industry in the country; if so, to what extent?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) No, Sir. For giving further impetus to basic research, Govt. had provided the following:

(1) A new drug which has not been produced elsewhere if developed through indigenous R & D would be put outside price control for a period of 10 years from the date of commercial production in favour of the company who undertake the R and D.

(2) The Department of Chemicals & Petrochemicals would set up an inter-ministerial group to decide, within a set time frame, on measures to give further impetus to R & D in the Drug Sector.

The measures at (1) above has come into effect with the announcement of "Modifications in Drug Policy, 1986" in Sept., 1994 and necessary provision has been made under DPCO, 1995. As regards (2) above, the inter-ministerial group for the purpose has since submitted its report. The above measures are in addition to various other existing incentives like exemption from price control on the basis of improvement in process through R & D, for formulations involving New Delivery System etc. already being enjoyed by the industry.

(b) The price rise, if any, would be dependent on behaviour of input costs and is expected to be normal under the given inflationary conditions.

(c) Profitability of a company is dependent on the marketing scenario as prevailing from time to time in respect of the product mix of that company.

Fertilizer Units

1725. SHRI RAHASBIHARI BARIK: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the number of fertilizer units in the country and the location thereof;

(b) the names of companies which have set up fertilizer units;

(c) the staff strength of those fertilizer units;

(d) whether some of those fertilizer units have fallen sick;

(e) if so, since when and what are the reasons for the sickness of those units:

(f) whether Government have a proopsal to revive some of those units; and

(g) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (c) The details of the major fertilizer units alongwith their location and names of the companies are given in the enclosed statement-1. (*See* below) in addition, there are about 80 medium and small scale units which manufacture single superphosphate (SSP). The information regarding unit-wise staff strength of all the units is not maintained in the Government records. However, a statement about the staff strength of the public|cooperative sector undertakings under the administrative control of the Ministry is given in the enclosed statement-II.

(d) to (g) The following three companies in the public sector had been declared sick by the Board for Industrial Financial Reconstrction (BIFR) in terms of the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985